

Stark Opening Statement At “Medicare Advantage” Hearing

Tuesday, 20 March 2007

Representative Pete Stark (D-CA), Chairman of the Ways and Means Health Subcommittee, delivered the following opening remarks at today's hearing on the “Medicare Advantage” program.

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STARK OPENING STATEMENT AT

“MEDICARE ADVANTAGE” HEARING

WASHINGTON,

DC — Representative Pete Stark (D-CA), Chairman of the Ways and Means Health Subcommittee, delivered the following opening remarks at today's hearing on the “Medicare Advantage” program.

“The Medicare Modernization Act of 2003 made significant changes in the way private plans are paid in Medicare and the types of private plans that exist. It has also dramatically increased the number of such plans around the country. The Medicare Advantage program now covers 19% of Medicare beneficiaries — an all-time high, though still less than 1 in 5 Medicare beneficiaries — and we spent \$56 billion on these plans in 2006. Left unchecked, growth in enrollment and spending will continue.

“Despite these changes, this Committee has not held a single hearing on the Medicare Advantage program since its creation. Today, we begin the first in what will be a series of hearings on the Medicare Advantage program.

“When private plans formally asked to join Medicare in 1982, they said they could provide Medicare’s benefits better and cheaper than the government. Fast forward 25 years, and we are now losing money for every person who enrolls in a private plan.

“The latest analysis by the Medicare Payment Advisory Commission (MedPAC) indicates that Medicare is, on average, overpaying Medicare Advantage Plans by 112%. This number varies geographically and by plan type. Some areas are getting upward of 140%. Of plan types, private fee-for-service plans are the highest outliers, receiving on average 119% of Medicare payments. We’ll hear more from all our witnesses on these details.

"AHIP, Blue Cross Blue Shield, and others have been falsely claiming that payment reductions will reduce health care access for lower- and moderate-income seniors – and decrying a goal they ascribe to me of wanting to get rid of the Medicare Advantage program.

"Let me be clear, we have no intention of eliminating the Medicare Advantage program. However, neither should we allow any Medicare provider sector to wall itself off from both scrutiny and from consideration for payment changes. Doing so would be irresponsible for this committee.

"We have a tall task in front of us this year. Between the physician payment issue, the need to reauthorize and improve SCHIP, and the need to manage and oversee Medicare, everything must be on the table – doctors' payments, hospital payments, post-acute payments, drug plan payments, and, yes, Medicare Advantage payments, too.

"MA overpayments raise Part B premiums for everyone and decrease the Part A Trust Fund faster than would occur if payments were equal.

"Our effort to improve and protect Medicare cannot focus on one part of the program at the expense of other parts. They all must work together to ensure Medicare meets its design – providing health care for America's senior citizens and people with disabilities.

"We've got the experts before us representing CMS, which runs the Medicare Advantage program; MedPAC, which provides Congress with expert, non-partisan advice on Medicare payment policies; and CBO, which calculates the costs or savings of proposals we wish to enact.

"I look forward to today's discussion, and to collaborating with my colleagues on both sides of the aisle to plan additional hearings to further investigate the Medicare Advantage program. We need work to refine the payment structures to ensure an equitable and efficient Medicare program that serves all Medicare beneficiaries and taxpayers well."